

Message Text

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PAGE 01 MEXICO 00849 242308Z

ACTION EB-08

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TO SECSTATE WASHDC 9863

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SECSTATE PLEASE PASS EXIMBANK WASHDC

E. O. 11652: N/A

TAGS: BNEC, MX

SUBJECT: MAJOR PROJECT: LAS TRUCHAS EXPANSION

REF: (1) STATE 007951, (2) MEXICO 0567

1. EMBOFFS MET WITH DR. ARMANDO ORIVE ALBA, CHIEF OS SICARTSA'S PLANNING DIVISION, ON JANUARY 20 TO DISCUSS PROSPECTS FOR PHASE II. ORIVE ALBA SAID THAT HIGH-LEVEL COMMISSION IS CURRENTLY STUDYING ALTERNATIVES TO ORIGINAL PLAN WHICH IT IS FELT IS NO LONGER FEASIBLE IN VIEW OF FINANCIAL SITUATION. ORIVE ALBA BELIEVES MOST LIKELY PROSPECTIWS THAT PHASE II WILL GO AHEAD, BUT ON SMALLER SCALE, IN THREE OR FOUR STAGES WHICH WOULD BE COMPLETED BY 1983. THERE IS A STRONG POSSIBILITY THAT ROLLING MILLS WILL BE POSTPONED EVEN IF STAGE II EXPANSION OF BASIC STEEL PRODUCTION CONTINUES.

2. WORLD BANK AND INTERAMERICAN DEVELOPMENT BANK LOAN AGREEMENTS FOR PHASE II EXPIRED IN LATE DECEMBER AND MID-JANUARY BUT SICARTSA HAS ASKED AND RECEIVED THREE-MONTH EXTENSIONS FROM BOTH ORGANIZATIONS. ALL PHASE II BID PROPOSALS WILL RUN OUT BY END OF MONTH, BUT SICARTSA INTENDS TO CONTACT FIRMS BIDDING ON BLAST FURNACE, BOF, LIMITED OFFICIAL USE

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COKING OVENS AND CONTINUOUS CASTING EQUIPMENT TO ASK FOR EXTENSION UNTIL APRIL. HOWEVER, BECAUSE OF UNCERTAINTY SURROUNDING ROLLING MILLS, IT HAS BEEN DECIDED TO LET OTHER BIDS, INCLUDING GE'S, LAPSE. WHEN AND IF LAS TRUCHAS RECEIVES THE GO-AHEAD SIGNAL ON ROLLING MILLS IT WILL START FROM SCRATCH ON BIDDING. GE OFFICIAL REPORTS HE HAS HEARD SIMILAR STORY.

3. ORIVE ALBA SEEMED CONFIDENT THAT AT LEAST BLAST FURNACE STAGE WOULD BE APPROVED TO MAKE USE OF INCREASED PELLET OUTPUT FROM PENA COLORADA. STEEL SLABS PRODUCED AT LAS TRUCHAS COULD THEN INITIALLY BE SHIPPED BY RAIL TO MONCLOVA FOR ROLLING. RAIL INE TO LAS TRUCHAS STILL PROGRAMMED FOR COMPLETION WITHIN YEAR AND HALF. ORIVE ALBA INDICATED THAT HE THOUGHT CONSTRUCTION FOR PHASE II ROLLING MILLS MIGHT BEGIN BY 1979 WHEN CASE FLOW FROM SICARTSA COULD BE APPLIED TOWARD FINANCING.

4. OTHER ASPECTS OF CONVERSATION WILL BE REPORTED BY SEPTTEL.
JOVA

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 24-Jan-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition Reason:
Disposition Remarks:
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